

Memorandum of Conversation, Gates-Kryuchkov, KGB

Headquarters, Moscow, 3:00 p.m. - 5:15 p.m.

February 9, 1990

Kryuchkov received Gates in his office in the New KGB Building. After exchanging greetings, Gates informed Kryuchkov that he had just left the meeting between Gorbachev and Secretary Baker, which was still underway after more than three hours. Gates said that Gorbachev had been explaining what had taken place during the just concluded Central Committee plenum, joking that the latter had been so eventful that it would take all day for Gorbachev to finish. [...]

Kryuchkov said "of course, perestroyka is encountering problems," and that had been reflected in the debates at the plenum. We should have planned for the changes to take place over a longer period of time, he said, because the hardest thing of all to change is the way people think. It takes time, especially to bring about substantial changes. We had hoped to bring about large-scale change quickly, but it was more than our people could take. Change should be applied gradually, like oxygen. Too much too quickly could make one dizzy. Nevertheless, he continued, there is no way back now. We must push ahead. We will make adjustments as

we go, making sure we remain in touch with the people, checking their views and attitudes. We had to do this so the leadership would not go one way, the people the other.

Kryuchkov argued that Article Six of the constitution, which gave the party the leading role in the society, need not be "eternal." It had been inserted in the new constitution in 1977, but no longer corresponded to reality. It should be either changed or omitted entirely. Doing so would present no big problem. Its presence had spoiled the party. Party decisions were too easily turned into law. The party was not then or now equivalent to society as a whole, and neither was the Central Committee. Since the article no longer corresponded to reality, if it remained in force it could cause philosophical and practical problems.

As for establishment of a multi-party system, he said, many informal organizations already exist which function like parties. Nevertheless, a multi-party structure should be introduced gradually. Standards and regulations should be established concerning registration, minimum requirements for membership, etc. A monarchist "party" now exists which wants to restore a monarchy. That obviously is not in keeping with the times, and such a party is out of place. Nevertheless, all such groups have a right to exist.

There are some quite extreme groupings--anarchists, for example. Formal requirements should be put into place governing their activity. They are not, he continued, like companies. The U.S. had many companies--15 to 18 million, he understood, some of which lasted only a few days, some for decades. But parties should not be such temporary phenomena. [...]

For many years we should have been paying more attention to interethnic disputes. But we had this idea that everything was developing without a problem. We were wrong. In regard to Eastern Europe, we should let things take their own course, give them a chance to develop normally. But of course we could not "forget the results and costs of the war." Kryuchkov noted that that had been a brief outline of his thinking and his presentation. He assumed that U.S. analysts would take a closer look at the latter and the results of the plenum. [...]

Gates said he would like to outline briefly for Kryuchkov three general problems he sees the USSR facing now. The first concerns interethnic relations. Gorbachev had inherited the problems of an Empire in this regard. Many of the regions that now made up the USSR had not joined the Empire voluntarily, but by force of arms. Many now want independence, and want it quickly. The time needed

to work out a form of voluntary federation thus might not be available.

Second, political developments are outrunning economic developments in the society. And the problem is that many of these economic problems need to be tackled at the same time. Moreover, many of these changes are such that they require painful adjustments by the people. Thus, this process of change is indeed difficult.

Third, reform is weakening the old institutions before new institutions can be put in place. The society's ability to implement necessary change is thereby also weakened.

Gates said one thing is difficult to understand, however. What has caused the recent, sharp increase in crime, especially large-scale, organized crime? There have even been reports of hijacking of trains.

Kryuchkov said that Gates' observations deserve serious study. But they represent a view from the outside. And for all of us, our analysis is supplemented by our emotional reactions. History has it uses. Gates is correct when he says that not all of the regions had incorporated themselves voluntarily. There are perhaps no parallels easily drawn between the U.S. and the USSR, but the Civil War in the U.S. indicated that not all of the fifty states had agreed to their incorporation either. History was

history, but it could not by itself be allowed to be a determining factor. History could not be ignored, but "if it is put up front, it just complicates our life." New factors always arose.

In the case of the USSR, over the past seventy years, growing interdependence among the republics had increasingly tied them together, especially economically. The Baltic states, for example, got more from the rest of the Soviet Union than they gave. Estonia got cotton, oil, energy, grain, forage, non-ferrous metals, and so on. Of course it also contributed to the rest of the USSR, but not as much. The most dependent of all of the republics was Lithuania, which was paradoxical, for it is exactly there that the drive for independence is most developed. But the interdependence of all of the republics is now very strong. It had developed because of an intentional policy, the result of a conscious effort by the center to develop the outer periphery of the country. No republic can leave tomorrow without feeling this interconnection. Interdependence painfully affects the Union. Armenia now wants to shut down a plant that is polluting the area. But the plant produces something on which seven hundred fifty other plants depend.

Nevertheless, there is much in what Gates had to say. Much effort has to be devoted toward developing a new federation as soon as possible. Some areas want political independence, with continuing economic interdependence. Even that possibility cannot be rejected out of hand.

Concerning shortages in goods, Kryuchkov said, we in fact have increased the number of goods considerably in the past five years. The problem is the enormous increase of money in people's hands, plus our "atrocious" pricing system. Wage and pension increases have contributed to the problem of the ruble overhang, but the main culprit is conversion of very large amounts of what in the past had been non-liquid funds--columns of figures in accounting books--to cash. In the old days if an enterprise had 50 million rubles, 40 million would have been non-liquid. Under the new system much more of it was available in cash. So now we have hundreds of billions of rubles of "bad money"--money not backed up by goods--circulating in the system. [...]

Gates asked how Kryuchkov personally viewed prospects for reestablishing order, putting the economy on the right track, and resolving the interethnic problems. Is he a pessimist or an optimist?

Kryuchkov replied that the German philosopher Berghoff had discussed the problem of pessimism and optimism in a treatise. He had concluded that a pessimist lost nothing, for if he was wrong, he simply shrugged his shoulders and no one paid attention to him. An optimist, however, staked everything on his bet, and stood to lose it all.

Nevertheless, Kryuchkov continued, I am an optimist. We have no choice but to change the system, because other kinds of change in the USSR and around its borders make change in the system inevitable. It was unfortunate that some of this change had come about only after loss of life. But we should strengthen our laws to avoid such loss. And we had to continue with politization of the people to create the need for enterprise among the people, and to transfer power to individual enterprises and local councils in order to develop responsibility at those levels. With increasing frequency this was now happening. In a number of areas around the country local citizenry or local party members have risen up against inefficient or corrupt party organs and booted the rascals out. That is encouraging, and a sign that what we want to happen is happening. [...]

Gates asked if the Soviet Union would permit private property--the large scale ownership of land and equity. Would peasants be able to pass land on to their children?

Kryuchkov said that cooperative land-holding is now possible, and groups of 15-20 people in essence control the land they farmed. But we wish to protect our people from exploitation in the Marxist sense, when people could enrich themselves purely from the labor of others. Your political systems in the West are more sophisticated. In most countries there are two parties, liberal and conservative. After several years of moving toward the left under liberal democrats, the conservatives were voted in to provide the people a rest. A great system. Thatcher had now been in power for what--thirteen years? It was time for a change.

Kryuchkov said that the question of selling land is not yet decided. There are two points of view--one for, one opposed. Peasants could not be given the land free of charge. But if they were asked to pay for it they would reply that they should not pay for something they--"the people"--already owned. The new laws on land and on property would include provision for leases unlimited in time. But people would be reluctant to leave the kolkhozes, especially the more economically stable. In Eastern Europe they would not dissolve the kolkhozes, especially in Czechoslovakia and the GDR, where there was an ideal proportion of collective and individually-owned land.

Gates said he would like to pursue that issue further, but knew that Kryuchkov was busy, and would like to move on to two other subjects. First, the German question. Events are moving faster than anticipated. We might see some GDR initiative after the 18 March elections. Under these circumstances, we support the Kohl-Genscher idea of a united Germany belonging to NATO but with no expansion of military presence to the GDR. This would be in the context of continuing force reductions in Europe. What did Kryuchkov think of the Kohl/Genscher proposal under which a united Germany would be associated with NATO, but in which NATO troops would move no further east than they now were? It seems to us to be a sound proposal. There are in any case only three options for a unified Germany: either it would be a member of NATO, neutral, or a member of the Warsaw Pact.

Gates said that alignment with the Warsaw Pact clearly was not possible in terms of present realities. A neutral Germany would suffer from the same insecurities and uncertainties regarding its security that Germany had experienced before World War I. In an effort to assure its security it would be tempted to develop nuclear weapons and turn in different directions, seeking reassurance. A large, economically powerful Germany just could not be neutral.

The third option, membership in NATO, would provide for a secure Germany integrated in Western Europe which the Soviet Union would have no reason to fear. It would anchor Germany in a way that would leave it secure, able to exercise a positive economic influence (including in the East), and without being a security problem for the USSR.

Kryuchkov replied that as Gates should know, the events in the GDR concern the Soviet people. The other countries are different. But the USSR had paid a terrible price in World War II--20 million killed. "We can't exclude that a reborn, united Germany might become a threat to Europe. We would hate to see the US and USSR have to become allies again against a resurgent Germany."

"Germany's technical possibilities and intellectual potential are well known. It is difficult to predict what directions its military and technology might take." That is no idle question, for "influential forces in the FRG do not wish to recognize the results of the War or to accept the post-World War II borders." The Poles are also concerned. We never said that Germany could never reunite--but the basis on which reunification took place was always important to us. Trust between the US and USSR is growing, true, but that trust still had to be "materialized." The Soviet Union, under present circumstances, could have "no

enthusiasm" about a united Germany in NATO. We should look for other options. You, Great Britain, and France would develop a common view, and we in the Warsaw Pact would do so, and we would discuss them. We need not hurry so much. Kohl and Genscher had interesting ideas--but even those points in their proposals with which we agree would have to have guarantees. We learned from the Americans in arms control negotiations the importance of verification, and we would have to be sure.

The U.S. had to participate in World War II even though it had been protected by oceans. Now the oceans were meaningless. An interdependent world would not allow any great power to escape involvement in a new war. "People here say that we have had peace for forty-five years because Germany is divided." And of course Japan did not become a military superpower. But the question of German unity is a very serious one, and requires far-reaching, frank exchanges of opinions between the US and USSR.

Gates said he had two points to make on professional matters.

First, Kryuchkov would have noted that Vladimir Apinidze had returned to the USSR, without any publicity. Kryuchkov nodded assent.

Second, could Kryuchkov frankly state what had happened to Major General Dimitry Polyakov ("Donald")? Kryuchkov replied that he had been shot in 1988. He added that Polyakov had "told all." "We know everything, and you know everything."

Gates said that Kryuchkov occupied an especially responsible position at this time of momentous happenings. It was very important that our foreign ministers and heads of state met to discuss matters of mutual concern. It was also important that he and Kryuchkov be able to discuss matters in this channel. Gates said that if ever Kryuchkov believed that a special meeting was necessary, that could be arranged through existing channels. We preferred not to use the intelligence channel for political issues. And, of course, we should not meet without the knowledge of our foreign ministers. Kryuchkov nodded assent.

Kryuchkov thanked Gates for his observations, which were useful, whether or not one necessarily agreed with them all. Though he was an optimist, he continued, that does not mean that he is not aware of the many problems the country faced. There is a struggle underway between those who want change and those who do not. Each side might have to make concessions. "A political climate is being formed in which on occasion certain actions might have to be

taken. The external reaction would be important. It would be one thing to understand our actions, perhaps even to support us. It would be another to attempt to take advantage of our problems." We heard nice words from you, but if there were no corresponding action--for example, development of good trade relations--your intentions would be interpreted differently. We are not asking for material assistance, "for anything free." Our resources are such that we do not need that. Our increasing contacts with the U.S. had helped us increasingly to understand the U.S. and its foreign policy, though we could not approve of Panama, where you invaded a small country in order to try one possible criminal. Noriega may be a very evil fellow, but that was too much. On the other hand, we understand and support your struggle against narcotics trafficking.

Kryuchkov then handed Gates a list of names prepared by the KGB which he said were persons engaged in drug running operations in Europe and the U.S. They happened to be members of the Afghan opposition. He added with a smile that it was a rare opportunity in which he could kill two birds with one stone--promote the struggle against drugs and show the U.S. the true face of its alleged friends. He asked that Gates not reveal the source of this information. How Gates used it was of course up to him. If the U.S. did

nothing more than end that supply channel that would be enough.

Gates said he would quickly respond to four points Kryuchkov had made. First, he noted that twice in the discussion Kryuchkov had made reference to the possibility that the U.S. would be tempted to take advantage of Soviet domestic troubles for its own ends. He said he wished to repeat with all seriousness that the President did not want to cause problems for Gorbachev or perestroika. He supports perestroika as something very much in our mutual interest. Gates added with a smile that sometimes he thought Gorbachev regarded him as a "bad influence" in Washington. Gates continued that that was not the case. He supported the President's view on perestroika fully.

Second, as the President had made clear in Malta, we are prepared to move ahead in some areas of trade. He recalled the Presidents' comments on MFN, the Stevenson amendment and a new Trade Agreement.

Third, he also wanted to emphasize that the U.S. was aware of Soviet security concerns about a reunified Germany, and understood that they must be treated seriously.

Fourth, on Panama, the U.S. had Treaty arrangements authorizing our presence and that, in violation of those

rights, Americans had been harassed and even killed. We had intervened to protect our citizens, our Treaty rights, and to remove an indicted drug dealer who had thwarted a free election. The Panamanians received us as liberators. Our troops would be out by the end of February. [...]

[Source: George H.W. Bush Library, obtained through Mandatory Review request 2011-0841-MR by the National Security Archive.]